

Message Text

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ACTION COME-00

INFO OCT-01 ARA-06 EUR-12 ISO-00 EB-07 FEA-01 XMB-02
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FM AMCONSUL SAO PAULO
TO SECSTATE WASHDC PRIORITY 7367
INFO AMEMBASSY BRASILIA
AMEMBASSY PARIS
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FROM COMMERCIAL COUNSELOR

E.O. 11652: N/A
TAGS: BENC, BR, FR
SUBJ: MAJOR PROJECT: BRAZIL'S THIRD PETROCHEMICAL POLE

REF: STATE 286392

1. CONGEN RIO OFFICER SPOKE WITH TWO PETROQUISA DIRECTORS CONCERN-
ING GENERAL SITUATION OF RIO GRANDO DO SUL PETROCHEMICAL COMPLEX
(POLOSUL). CONSIDERATION OF BIDS IS NOW VIRTUALLY COMPLETE, AND IT
WAS STATED THAT TECHNIP/KTI PACKAGE HAD DEFINITELY BEEN DETERMINED
AS MOST ADVANTAGEOUS. NEGOTIATIONS ARE UNDER WAY BETWEEN PETROQUISA
AND TECHNIP ON CERTAIN TECHNICAL PROBLEMS. FINANCE PACKAGE DOES
NOT APPEAR TO BE PART OF THESE NEGOTIATIONS. US BIDDER (STONE AND
WEBSTER) IS CONSIDERED THE SECOND CONTENDER IN TERMS OF BOTH
TECHNICAL AND FINANCIAL OFFERS AND APPARENTLY HAS BEEN PRIVATELY
NOTIFIED TO THIS EFFECT BY PETROQUISA. FINAL PETROQUISA DECISION
IS LIKELY BEFORE END OF YEAR.

2. COPESUL SOURCES IN PRTO ALEGRE HAVE TOLD OUR COMMERCIAL OFFICER
THERE THAT THE PRIMARY REASON THE FRENCH FIRM WAS GIVEN PREFERENCE
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WAS BECAUSE THE FRENCH BID CONTAINED MORE EFFECTIVE TRANSFER OF
TECHNOLOGY THAN DID ANY OF THE OTHERS. ACCORDING TO THESE SOURCES,
TWO-THIRDS OF THE \$30 MILLION CONTRACT FOR ENGINEERING SERVICES IS
TO BE SPENT IN BRAZIL.

3. IF IT IS TRUE THAT THE DEGREE OF TRANSFER OF TECHNOLOGY (AND

PERHAPS RELATED TO THAT, A LESSER FOREIGN EXCHANGE COST) IS THE
DECIDING FACTOR, THERE WOULD SEEM TO BE LITTLE THE USG COULD DO TO
IMPROVE THE CHANCES OF THE US FIRMS OTHER THAN TO ENSURE THAT
THEY ARE AWARE FOR THE REASON PREFERENCE IS BEING GIVEN TO THE
FRENCH BID. WE UNDERSTAND THEIR LOCAL REPRESENTATIVES
HAVE BEEN TOLD, BUT COMMERCE MAY WISH TO MAKE CERTAIN THAT THEIR
HOME OFFICES ARE INFORMED. CHAPIN

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